

and co-author Daniel Feenberg argued the increase had produced disappointingly little revenue—just \$9 billion in 1993—while encouraging the rich to work less, deduct more and generally change their behavior to avoid paying more money to the government. In particular, couples with joint incomes of \$140,000 to \$180,000 were more inclined to seek larger mortgages, take more time off instead of working extra hours or otherwise reduce the amount of income they would have to report as taxable, Prof. Feldstein says.

Even now, with the Treasury flush, Prof. Feldstein contends that the tax increase has proved to be an unjustified drain on the U.S. economy. The unexpected revenue surge could be due in part to the spectacular performance of the stock market—and executives' stock options—in recent years, he says. Besides, he adds, the budget situation would have been even better without the tax boost.

That what-if question is a thorny one. Hard data aren't yet available to show whether in fact the tax increase led high-income Americans to reduce their taxable income in 1995 and 1996.

But present and former Treasury officials say the recent revenue flood has tilted the debate against Prof. Feldstein and indicates that the tax boost is probably raising large sums from the wealthy.

"The basic fact is that people looked at the 1993 budget agreement and said there'd be a recession, the deficit would go way up and that tax collections would go way down," says Mr. Summers. "What has happened is there has been a boom, the deficit has gone way down and tax collections have gone way up."

#### FISCAL YEAR 1998 BUDGET RESOLUTION

Mr. McCAIN. Mr. President, today I voted with the majority of my colleagues in supporting the bipartisan budget agreement embodied in the Fiscal Year 1998 Budget Resolution. While I have serious concerns about several aspects of this agreement, I am hopeful that time will prove me wrong and the American people will actually reap the benefits of permanent tax relief and deficit reduction that are promised in this agreement.

First, I want to thank my colleague, Senator DOMENICI, for his hard work and excellent management of this difficult bill. In particular, I am grateful for his cooperation and support for my amendment regarding concerns about overly optimistic estimates of revenue from the future auction of broadcast spectrum. I am committed to enacting legislation to mandate these auctions over the next 5 years, but I am very concerned that this budget assumes much greater revenues from spectrum sales than can reasonably be anticipated at this time.

Both Senator DOMENICI and I agree that spectrum auctions will raise a considerable amount of revenue for the Treasury. However, we also share the common concern that auctions depend on supply and demand, and therefore, the revenue received will undoubtedly fluctuate from today's estimates.

The amendment that Senator HOLLINGS and I offered simply states, that if the revenue from future sales falls

short of the estimates in the resolution, deficit reduction targets will not be met. In that event, my amendment would require the Senate to find other savings or revenue to ensure that we stay on track in eliminating annual budget deficits by 2002. Senator DOMENICI's support for this amendment was critical to its adoption by a vote of 84 to 15. I am counting on him to work with Senator HOLLINGS and me to identify spending cuts in the event spectrum sales fall short of the revenue estimates in the resolution.

Mr. President, I have listened carefully to my colleagues who have discussed problems with the economic estimates underlying this plan. I, too, was disturbed when the Congressional Budget Office released a new estimate of future tax revenue just hours before the President and the Congressional negotiators on this balanced budget deal announced a final deal. While time may validate CBO's more optimistic estimates, the sudden announcement of an additional \$225 billion in taxes was disconcerting, to say the least. While our economy's performance in recent months could very well justify a near-term revenue increase, I am concerned that the high rates of economic growth forecast into the next century might be too optimistic. More importantly, this tax windfall could hamper efforts in the near term to reduce both discretionary and mandatory Federal spending.

Mr. President, under the plan in this resolution, we will continue to carry an annual deficit for the next 4 years. Our Nation's burden of debt will increase to \$6.5 trillion by the year 2002. Annual appropriations spending will continue to increase under the plan in this resolution. I hope the Congress will resist the temptation to spend up to the limits in this resolution, and will instead work to advance the date when our budget is in balance and we begin to whittle away at the national debt.

The most important and promising aspect of this resolution is its promise of permanent tax relief for Americans. The resolution sets up a procedure for swift enactment of a bill to provide tax relief that will create jobs and provide the fuel for even greater economic growth in our Nation.

The \$500-per-child tax credit will give immediate and much-needed relief to middle- and low-income families. Capital gains and estate tax relief will spur investment in new enterprises and reinvestment in family and small businesses. Until this agreement, the President had been implacably opposed to these profamily and pro-small-business tax reforms. Early enactment of these tax relief measures should be the first order of business for the Congress under this agreement.

Mr. President, in the 15 years I have spent in the Congress, I have seen many plans and proposals to balance the budget. Yet, today, our Nation bears the financial burden of a \$5.3 tril-

lion debt. Yet, I voted for this plan because I remain hopeful that the Congress and the President are committed to both the letter and the spirit of the agreement reached just a few weeks ago. I look forward to working with my colleagues to enact the much-needed tax reform envisioned in this resolution and to ensure we carry out the terms of this agreement to achieve a balanced budget by the year 2002.

#### LOIS PALAGI

Mr. BAUCUS. Mr. President, I rise today to commend Mrs. Lois Palagi, a third grade teacher at West Elementary School in Butte. I want to recognize Lois because she has distinguished herself as one of the best and most beloved teachers in the community of Butte.

In Montana we pride ourselves on providing our children with a top notch education. And we do a great job. But that success doesn't happen by accident. All Montanans shoulder part of the responsibility. One key component of our success is Montana's dedicated and hard-working teachers.

Lois is a prime example of how teachers help our youth become some of the most competitive minds in the country. She has served her students for over 35 years. And in that time, she has taught her children the importance of discipline, respect, knowledge and wisdom. So many people have grown up under her watchful eyes to become responsible, hard-working adults because she led by example. And now she leaves behind a legacy of dedication, caring and love for teaching. She has brought great honor to her noble profession.

At the end of this school year, Lois will begin a new undertaking—retirement. She will be able to spend more time with her husband Larry, son Mark, and daughter-in-law Linda. And devote more of her time to her three grandchildren: Bob, Jessica, and little Andie Elizabeth. She will be dearly missed at West Elementary School. But I'm certain she will be heartily appreciated as she spends more time with her family.

Mr. President, it is impossible to count the number of lives that one person touches during his or her life. But I do know that in 35 years of teaching, that number is sure to be a mighty sum. I would just like to add my voice to all the others and say "Thank you, Lois."

And good luck in your retirement.

#### DISASTER ASSISTANCE APPROPRIATIONS

Mr. BYRD. Mr. President, I deeply regret that the other body has chosen to stand in recess for the Memorial Day break without having passed disaster assistance appropriations for the hundreds of thousands of victims of natural disasters in 33 states throughout the country. As all members are aware, yesterday afternoon the House